



Control Number: 52194



Item Number: 47

PUC DOCKET NO. 52194
SOAH DOCKET NO. 473-21-2530

2021 JUN 15 PM 2:11
PUBLIC UTILITY COMMISSION
OF TEXAS

APPLICATION OF CENTERPOINT §
ENERGY HOUSTON ELECTRIC, LLC § PUBLIC UTILITY COMMISSION
TO ADJUST ITS ENERGY §
EFFICIENCY COST RECOVERY § OF TEXAS
FACTOR §

ORDER

This Order addresses the application of CenterPoint Energy Houston Electric, LLC (CenterPoint Houston) to adjust its energy-efficiency cost recovery factor (EECRF). CenterPoint Houston filed a unanimous agreement that resolves certain issues between the parties to this proceeding. The Commission approves CenterPoint Houston’s EECRF, as modified by the agreement, to the extent provided in this Order.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicant

1. CenterPoint Houston is a Texas limited liability company registered with the Texas secretary of state under filing number 800119842.
2. CenterPoint Houston owns and operates for compensation in Texas facilities and equipment to transmit and distribute electricity in the Electric Reliability Council of Texas (ERCOT) region.
3. CenterPoint Houston is required under certificate of convenience and necessity number 30086 to provide service to the public and retail electric utility service within its certificated service area.

Application

4. On June 1, 2021, CenterPoint Houston filed an application to adjust its 2022 EECRF, effective March 1, 2022.
5. No party objected to the sufficiency of the application.

6. In the application, CenterPoint Houston sought Commission approval to adjust its EECRF to recover \$63,367,922 during program year 2022. The amount included the following:
 - (a) CenterPoint Houston's forecasted energy-efficiency costs of \$37,713,993 in program year 2022;
 - (b) projected evaluation, measurement, and verification (EM&V) expenses in the amount of \$539,688 for the evaluation of program year 2021;
 - (c) a charge of \$2,930,333 for CenterPoint Houston's net under-recovery of program year 2020 energy-efficiency costs, plus \$93,456 in interest on the under-recovery amount;
 - (d) rate-case expenses incurred in CenterPoint Houston's most recent EECRF proceeding, Docket No. 50908,¹ in the amount of \$69,063 (composed of \$44,698 incurred by CenterPoint Houston, \$15,444.90 incurred by the Gulf Coast Coalition of Cities, and \$8,920 incurred by the City of Houston); and
 - (e) a performance bonus of \$22,021,388 for 2020 program achievements.
7. In State Office of Administrative Hearings (SOAH) Order No. 2 filed on June 28, 2021, the SOAH administrative law judge (ALJ) found the application sufficient.

Notice

8. On June 1, 2021, CenterPoint Houston provided notice of the application by first-class mail to the following: all parties that participated in CenterPoint Houston's most recent EECRF proceeding, Docket No. 50908; all retail electric providers authorized to provide service in CenterPoint Houston's service area at the time the EECRF application was filed; and all parties that participated in CenterPoint Houston's most recent base-rate case, Docket No. 49421.²
9. On June 3, 2021, CenterPoint Houston provided a copy of the notice of the application by first-class mail to the Texas Department of Housing and Community Affairs, the state agency that administers the federal weatherization program.

¹ *Application of CenterPoint Energy Houston Electric, LLC to Adjust its Energy Efficiency Cost Recovery Factor*, Docket No. 50908, Order (Oct. 16, 2020)

² *Application of CenterPoint Energy Houston Electric, LLC for Authority to Change Rates*, Docket No. 49421, Order (Mar. 9, 2020).

10. On June 7, 2021, CenterPoint Houston filed the affidavit of Joyce Johnson-Clark, a compliance analyst in regulatory support services for CenterPoint Energy Service Company, LLC, attesting that notice was provided as described in findings of fact 8 and 9.
11. No party objected to the adequacy of notice of the application.
12. In SOAH Order No. 2 filed on June 28, 2021, the SOAH ALJ deemed CenterPoint Houston's notice of the application sufficient.

Intervenors

13. Commission Staff participated in this docket.
14. In SOAH Order No. 2 filed on June 28, 2021, the SOAH ALJ granted the motions to intervene filed by the Gulf Coast Coalition of Cities and the City of Houston.

Statements of Position and Testimony

15. As part of the application filed on June 1, 2021, CenterPoint Houston provided the direct testimonies, exhibits, and workpapers of Shea A. Richardson, CenterPoint Houston's manager of energy-efficiency compliance, and John R. Durland, manager of rates for CenterPoint Energy Service Company, LLC.
16. As part of the application, CenterPoint Houston filed the affidavit of Se H. Chang, senior counsel for CenterPoint Houston, attesting to the reasonableness and necessity of its rate-case expenses in Docket No. 50908 based on appropriate factors under the Commission rule requirements for rate-case expenses, including the time and labor expended and the nature and scope of the rate case.
17. As part of the application, CenterPoint Houston included the affidavit of attorney Jamie L. Mauldin attesting to the reasonableness and necessity of Gulf Coast Coalition of Cities' rate-case expenses incurred in Docket No. 50908 based on appropriate factors under the Commission rule requirements for rate-case expenses, including the time and labor expended and the nature and scope of the rate case.
18. As part of the application, CenterPoint Houston included the affidavit of Alisa Talley, division manager for the City of Houston, attesting to the reasonableness and necessity of the City of Houston's rate-case expenses incurred in Docket No. 50908 based on

appropriate factors under the Commission rule requirements for rate-case expenses, including the time and labor expended and the nature and scope of the rate case.

19. On July 20, 2021, Gulf Coast Coalition of Cities filed the direct testimony of Karl Nalepa.
20. On October 7, 2021, Commission Staff filed the testimony of Anna Givens in support of the agreement.

Referral to SOAH for Hearing

21. On June 3, 2021, the Commission referred this proceeding to SOAH and filed a preliminary order, which included a list of issues to be addressed in this proceeding.
22. In SOAH Order No. 2 filed on June 28, 2021, the SOAH ALJ gave notice of a hearing on the merits set to begin at 9:00 a.m. on September 16, 2021, through videoconferencing, if requested.
23. In SOAH Order No. 3 filed on August 12, 2021, the SOAH ALJ abated the proceeding because the parties had announced an agreement in principle.
24. On September 15, 2021, CenterPoint Houston, Commission Staff, Gulf Coast Coalition of Cities, and the City of Houston filed an agreement.
25. In SOAH Order No. 4 filed on September 17, 2021, the SOAH ALJ dismissed the case from SOAH's docket and remanded it to the Commission.

Evidentiary Record

26. In SOAH Order No. 4 filed on September 17, 2021, the SOAH ALJ admitted the following into the evidentiary record: (a) CenterPoint Houston's application, including the direct testimony, exhibits, and workpapers of Mrs. Richardson and Mr. Durland, filed on June 1, 2021; (b) CenterPoint Houston's affidavit of Mrs. Johnson-Clark regarding notice, filed on June 7, 2021; (c) Gulf Coast Coalition of Cities' direct testimony of Mr. Nalepa, filed on July 20, 2021; (d) the testimony of Mrs. Givens, in support of the agreement, filed on October 7, 2021; and (e) the agreement and attachments filed on September 15, 2021.

Energy-Efficiency Goals

27. CenterPoint Houston's summer weather-adjusted five-year average peak demand for residential and commercial customers for the previous five years (2016 through 2020) is 16,219 megawatts (MW).
28. CenterPoint Houston's calculated demand-reduction goal for program year 2022—four-tenths of 1% of its summer weather-adjusted five-year average peak demand for residential and commercial customers—is 64.88 MW.
29. In CenterPoint Houston's last EECRF proceeding, Docket No. 50908, the Commission approved a demand-reduction goal of 63.69 MW.
30. Because the calculated demand-reduction goal of 64.88 MW exceeds CenterPoint Houston's program year 2021 demand-reduction goal of 63.69 MW, CenterPoint Houston is permitted to use its calculated demand-reduction goal of 64.88 MW for program 2022.
31. CenterPoint Houston projects that it will achieve 183.46 MW in demand reductions in program year 2022, which exceeds the demand-reduction goal of 64.88 MW.
32. The estimated savings to be achieved through CenterPoint Houston's 2022 programs for hard-to-reach customers is 6.1 MW, or 9.4% of the proposed goal of 64.88 MW, which exceeds the 5% minimum required by 16 TAC § 25.181(e)(3)(F).
33. CenterPoint Houston forecasts that, because of the mix of energy and demand savings achievable through its programs, it will achieve energy savings of 214,129 megawatt-hours (MWh) in program year 2022, which exceeds the minimum of 113.670 MWh.

Agreement

34. Under the agreement, CenterPoint Houston's EECRF will recover \$63,052,922, during program year 2022. The amount includes the following:
 - (a) CenterPoint Houston's forecasted energy-efficiency costs of \$37,598,993 in program year 2022;
 - (b) projected EM&V expenses in the amount of \$539,688 for program year 2021;
 - (c) a charge of \$2,930,333 for CenterPoint Houston's net under-recovery of program year 2020 energy-efficiency costs, plus \$93,456 in interest on the under-recovery amount;

- (d) a performance bonus of \$21,821,388, including an agreed bonus reduction of \$200,000 to reflect the removal of historical administrative expenses; and
 - (c) rate-case expenses in the amounts of \$44,698 incurred by CenterPoint Houston, \$15,444.90 incurred by the Gulf Coast Coalition of Cities, and \$8,920 incurred by the City of Houston in Docket No. 50908.
35. Under the agreement, a \$115,000 reduction to CenterPoint Houston's EECRF revenue requirement, reflected in its estimated program year 2022 energy-efficiency costs, is intended solely as a reduction to the total amount of revenue recovered through the 2022 EECRF tariff. Under the agreement, actual energy-efficiency expenses and EECRF tariff recoveries for program year 2022 will be reconciled consistent with the Commission's energy-efficiency rules in a future EECRF filing.
36. The agreement provides an effective date of March 1, 2022 for CenterPoint Houston's program year 2022 EECRF tariff rider.
37. Under the tariff attached to the parties' agreement as attachment B, CenterPoint Houston's EECRF charges per kWh by rate class are as follows:

Rate Class	EECRF Charge	Billing Unit
Residential	\$0.000978	per kWh
Secondary ≤ 10 kVA	\$0.001067	per kWh
Secondary ≥ 10 kVA	\$0.000735	per kWh
Primary	\$0.001921	per kWh
Transmission – Non-profit governmental	\$0.000226	per kWh
Transmission – Industrial	\$0.000000	per kWh
Lighting	N/A	N/A

Elements of Recovery and Coordination of Base Rate Recovery

38. CenterPoint Houston's EECRF is calculated to recover the preceding year's total under-recovery with the required interest payment as well as to recover CenterPoint Houston's forecasted annual energy-efficiency program expenditures, a performance bonus, CenterPoint Houston's, GCCC's and the City of Houston's proceeding expenses from CenterPoint Houston's immediately preceding EECRF docket, and EM&V expenses allocated to CenterPoint Houston by the Commission.
39. CenterPoint Houston does not recover any energy-efficiency costs in its base rates.

40. CenterPoint Houston's EECRF is designed to provide only for energy charges for residential and commercial rate classes.

EECRF Cost Caps

41. Before applying the consumer-price-index adjustment, CenterPoint Houston used a base cap of \$0.001351 per kWh for the residential class and \$.0000845 per kWh for the commercial classes. CenterPoint Houston calculated its EECRF cost caps for the 2022 program year to be \$0.001364 per kWh for the residential class and \$0.000853 per kWh for commercial classes.
42. For purposes of the cost caps, CenterPoint Houston's rate for the residential class is \$0.000969 per kWh and CenterPoint Houston's group rate for the commercial classes is \$0.000847 per kWh.

Over- or Under-Recovery

43. CenterPoint Houston requests to refund to or collect from each rate class the difference between the actual EECRF revenues and the actual costs for that class, which results in a net under-recovery.
44. CenterPoint Houston accurately calculated the under-recovery of 2020 program costs in the amount of \$2,930,333 plus \$93,456 in interest.

Proceeding Expenses

45. CenterPoint Houston's rate-case expenses incurred in its 2020 EECRF proceeding, Docket No. 50908, in the amount of \$44,698 were reasonable and necessary.
46. Gulf Coast Coalition of Cities' rate-case expenses incurred in Docket No. 50908 in the amount of \$15,444.90 were reasonable and necessary.
47. The City of Houston's rate-case expenses incurred in Docket No. 50908 in the amount of \$8,920 were reasonable and necessary.

Performance Bonus Calculation

48. In 2020, CenterPoint Houston's program costs were \$43,337,156, and the total avoided costs were \$263,551,040 on energy-efficiency programs.

49. In its application, CenterPoint Houston sought the maximum allowable performance bonus under 16 TAC § 25.182(e), which is 10% of the net benefits of \$220,213,884 achieved through CenterPoint Houston's energy-efficiency incentive program costs for exceeding its goal for calendar year 2020. The resulting performance bonus from this calculation is \$22,021,388.43.
50. The parties agreed on a \$200,000 reduction to CenterPoint Houston's performance bonus to reflect the removal of certain historical administrative expenses. The resulting performance bonus is \$21,821,388 and is allocated in proportion to the program costs for eligible customers on a rate-class basis.

Evaluation, Measurement, and Verification Costs

51. CenterPoint Houston's share of the estimated total EM&V costs for the evaluation of program year 2021 is \$539,688, and to the maximum extent reasonably possible, it is directly assigned to each rate class that receives services under its programs.

Administrative and Research and Development Cost Caps

52. CenterPoint Houston incurred \$3,540,755 in administrative costs and \$318,228 in research and development costs for the 2020 energy-efficiency programs to meet CenterPoint Houston's goals. Including the reduction of \$200,000 to the performance bonus related to 2020 administrative costs, those amounts would be 10.22% and 0.89%, respectively, of the total adjusted program costs for the previous year. CenterPoint Houston's cumulative cost of the adjusted administration and research and development costs would be approximately 10.22% of the total adjusted program costs.
53. CenterPoint Houston's cost of administration did not exceed 15% of its total costs for program year 2020. CenterPoint Houston's cost of research and development did not exceed 10% of its total program costs for the program year 2020. CenterPoint Houston's cumulative cost of administration and research and development did not exceed 20% of its total program costs for program year 2020.

Cost Effectiveness

54. CenterPoint Houston used an avoided cost capacity of \$80 per kW per year for 2020. CenterPoint Houston used Commission Staff's posted avoided cost of energy of \$0.11366 per kW for 2020.
55. The forecasted 2022 energy-efficiency program costs of \$37,598,993 agreed to by the parties are a reasonable estimate of the costs necessary to provide energy-efficiency programs and meet CenterPoint Houston's goals for program year 2022.
56. CenterPoint Houston determined that its 2020 portfolio of energy-efficiency programs produced a benefit-cost ratio of 6.09, which exceeds the benefit-cost ratio of 1.0 or greater required by 16 TAC § 25.181(d).

Cost Recovery

57. CenterPoint Houston's net cost recovery of \$25,453,929—which consists of projected EM&V expenses for the evaluation of program year 2021; CenterPoint Houston's net under-recovery, plus interest, of program year 2020 energy-efficiency costs; CenterPoint Houston's adjusted performance bonus earned in 2020; and CenterPoint Houston's, the City of Houston's, and Gulf Coast Coalition of Cities' rate-case expenses incurred in Docket No. 50908—is a reasonable amount.

Rate Classes and Direct Assignment of Costs

58. To the maximum extent reasonably possible, CenterPoint Houston directly assigned costs to each rate class that receives services under the programs.

Fostering of Competition Among Energy-Efficiency Service Providers

59. CenterPoint Houston has adopted measures, including training, seminars, and a purchasing policy that requires competitive bidding for purchases that equal or exceed \$50,000—to foster competition among energy-efficiency service providers.

Requirements for Standard Offer, Market Transformation, and Self-Delivered Programs

60. CenterPoint Houston's energy-efficiency program includes standard offer and market transformation programs.

Incentive Payments

61. CenterPoint Houston's incentive payments for each of its customer classes do not exceed 100% of the avoided costs for that class.

Affiliate Costs

62. The application included the affidavit of Michelle Townsend, manager of business service planning and performance management for CenterPoint Energy, Inc. Ms. Townsend attested that CenterPoint Energy, Inc.'s wholly owned subsidiary CenterPoint Energy Service Company, LLC provides centralized support services to CenterPoint Houston.
63. Ms. Townsend stated that CenterPoint Energy Service Company, LLC's direct charges of \$68,434 to CenterPoint Houston's energy-efficiency department were for information technology needed to operate CenterPoint Houston's energy-efficiency programs.
64. The Commission makes the following findings regarding CenterPoint Energy Service Company, LLC's charges to CenterPoint Houston:
- (a) the charges do not include any affiliate costs that are deemed unrecoverable or prohibited by PURA³ or Commission rules;
 - (b) the services are necessary for CenterPoint Houston's operations regardless of whether the service is performed centrally or by CenterPoint Houston;
 - (c) the services are not duplicative of any of the services provided by CenterPoint Houston;
 - (d) the charges constitute corporate support services under 16 TAC § 25.272(c)(4) and otherwise comply with 16 TAC § 25.272 and PURA § 36.058; and
 - (e) the costs charged to CenterPoint Houston are reasonable and necessary and have been priced no higher than CenterPoint Energy Service Company, LLC's charges to other affiliates for the same service.

Energy-Efficiency Plan and Report

65. On April 1, 2021, CenterPoint Houston filed its 2021 energy-efficiency plan and report in the project annually designated for this purpose as required by 16 TAC §§ 25.181(l) and 25.183(d).⁴

³ Public Utility Regulatory Act, Tex. Util. Code §§ 11.001–66.016.

⁴ 2021 Energy Efficiency Plan and Reports under 16 TAC § 25.181, Project 51672.

66. On June 1, 2021 CenterPoint Houston filed its revised energy-efficiency plan and report in that project. The application in this docket includes the revised energy-efficiency plan and report.

Low-Income Energy Efficiency

67. CenterPoint Houston's total program expenditures for its targeted low-income program in 2020 were \$4,065,878, which is greater than the required 10% of the total portfolio budget amount of \$37,820,991.

68. CenterPoint Houston's budgeted incentive amount for its targeted low-income program in program year 2022 is \$4,447,251, which is 11.83% of the total adjusted estimated 2022 program costs of \$37,598,993.

Outreach to Retail Electric Providers

69. CenterPoint Houston serves in an area in which customer choice is offered.

70. CenterPoint Houston conducted outreach to retail electric providers and continues to promote the participation of retail electric providers in CenterPoint Houston's energy-efficiency programs. In 2020, 14 retail electric providers participated in CenterPoint Houston's retail electric provider program by marketing energy savings products and services to residential and commercial customers.

Industrial Customer Exclusions

71. CenterPoint Houston's industrial customers taking service at distribution voltage who elected to exclude themselves from CenterPoint Houston's energy-efficiency programs and provided notices under 16 TAC § 25.181(u) constituted an exclusion of 1,001,660,322 kWh from the calculations of the demand-reduction goal for program year 2022 when applying reasonable line-loss factors as required by 16 TAC § 25.181(e)(3)(B). Those excluded customers have been reflected in the EECRF calculations.

Line Losses

72. CenterPoint Houston incorporated the line loss values established in Docket No. 49421 into the peak demand values used to calculate the MW goal. Line loss values for each rate class were weighted according to 2020 program participation to arrive at a cumulative line loss of 5.76%.

Billing Determinants

73. The estimate of billing determinants in calculating CenterPoint Houston's 2022 EECRF and the calculation of the 2022 EECRF tariff rider rates are reasonable.

Good-Cause Exceptions

74. CenterPoint Houston did not seek a good-cause exception to be eligible for a lower demand-reduction goal, a higher administrative spending cap, or a higher EECRF cost cap under 16 TAC § 25.181(e)(2). CenterPoint Houston also did not seek a good-cause exception to combine rate classes under 16 TAC § 25.182(d)(2).

Informal Disposition

75. More than 15 days have passed since the completion of notice provided in this docket.
76. CenterPoint Houston, Commission Staff, Gulf Coast Coalition of Cities, and the City of Houston are the only parties to the proceeding.
77. All parties to the proceeding signed the agreement.
78. No hearing is needed.
79. The decision is not adverse to any party.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. CenterPoint Houston is a public utility as that term is defined in PURA § 11.004(1) and an electric utility as that term is defined in PURA § 31.002(6).
2. The Commission has jurisdiction over this matter under PURA §§ 14.001, 32.001, 36.001, 36.204, and 39.905.
3. Under PURA § 39.905 and 16 TAC § 25.182(d)(8), an electric utility must file for an EECRF.
4. CenterPoint Houston complied with the requirement under 16 TAC § 25.182(d)(8) to apply by June 1 to adjust its EECRF, effective March 1 of the following year.

5. The Commission processed the application in accordance with the requirements of PURA, the Administrative Procedure Act,⁵ and Commission rules.
6. SOAH exercised jurisdiction over this proceeding in accordance with PURA § 14.053 and Texas Government Code § 2003.049.
7. CenterPoint Houston provided notice of the application in accordance with 16 TAC § 25.182(d)(13) and 16 TAC § 22.55 and filed an affidavit attesting to the completion of notice as required by 16 TAC § 25.182(d)(14).
8. CenterPoint Houston's application is sufficient under 16 TAC § 25.182(d)(10) and (d)(11).
9. The hearing on the merits was set, and notice of the hearing was given, in compliance with Texas Government Code §§ 2001.051 and 2001.052.
10. CenterPoint Houston calculated its weather-adjusted average peak demand in compliance with 16 TAC § 25.181(e)(3).
11. CenterPoint Houston has acquired a reduction of four-tenths of 1% of its summer weather-adjusted peak demand of residential and commercial customers in compliance with 16 TAC § 25.181(e)(1)(B), (e)(1)(C), and (e)(3)(B).
12. CenterPoint Houston's 2022 demand-reduction goal complies with 16 TAC § 25.181(e)(1)(D).
13. CenterPoint Houston calculated its minimum energy-savings goal in compliance with 16 TAC § 25.181(e)(4).
14. CenterPoint Houston's portfolio of energy-efficiency programs achieves more than 5% of its savings through programs for hard-to-reach customers as required by 16 TAC § 25.181(e)(3)(F).
15. CenterPoint Houston's portfolio of energy-efficiency programs effectively and efficiently achieves the goals set out in PURA § 39.905(a) and 16 TAC § 25.181 as required by 16 TAC § 25.181(e)(5).

⁵ Tex. Gov't Code §§ 2001.001--.903.

16. CenterPoint Houston's EECRF uses only energy charges for the recovery of energy-efficiency costs for residential and commercial rate classes included in the EECRF in compliance with 16 TAC § 25.182(d)(6).
17. CenterPoint Houston's proposed EECRF rates comply with the requirements for cost caps under 16 TAC § 25.182(d)(7).
18. CenterPoint Houston's charge of \$2,930,333 for the under-recovery of 2020 program costs and \$93,456 for calculated interest on the under-recovery, complies with PURA § 39.905(b-1) and 16 TAC § 25.182(d)(2).
19. EECRF proceeding expenses are rate-case expenses.
20. The requirements of 16 TAC §§ 25.182(d)(3) and 25.245 apply to the recovery of EECRF proceeding expenses.
21. CenterPoint Houston's 2020 rate-case expenses of \$44,698 comply with PURA § 36.061(b)(2) and 16 TAC §§ 25.182(d)(3)(A) and 25.245.
22. The Gulf Coast Coalition of Cities' 2020 rate-case expenses of \$15,444.90 comply with PURA § 33.023(a) and 16 TAC §§ 25.182(d)(3)(B) and 25.245.
23. The City of Houston's 2020 rate-case expenses of \$8,920 comply with PURA § 33.023(a) and 16 TAC §§ 25.182(d)(3)(B) and 25.245.
24. Under PURA § 33.023(b), CenterPoint Houston is required to reimburse Gulf Coast Coalition of Cities and the City of Houston for their reasonable rate-case expenses incurred in its 2020 EECRF proceeding.
25. CenterPoint Houston qualified for and accurately calculated its energy-efficiency performance bonus of \$21,821,388 for its energy-efficiency achievements in program year 2020 in compliance with the requirements of PURA § 39.905(b)(2) and 16 TAC § 25.182(e).
26. An adjustment to lower CenterPoint Houston's 2022 EECRF revenue requirement by \$115,000 is permissible under 16 TAC § 25.182(d)(15).

27. The amounts and allocation of CenterPoint Houston's administrative and research and development costs, as adjusted by the agreement between the parties, comply with 16 TAC § 25.181(g).
28. CenterPoint Houston's portfolio of energy-efficiency programs adheres to the cost-effectiveness standards contained in 16 TAC § 25.181(d).
29. CenterPoint Houston's 2022 energy-efficiency program costs of \$37,598,993 to be recovered through the EECRF are reasonable estimates of the costs necessary to provide energy-efficiency programs in 2022 in compliance with PURA § 39.905 and 16 TAC § 25.182(d).
30. CenterPoint Houston's cost recovery of \$25,453,929—which consists of EM&V expenses to be recovered in 2021, CenterPoint Houston's net under-recovery of program year 2020 energy-efficiency costs plus interest, CenterPoint Houston's agreed performance bonus earned in 2020, rate-case expenses from Docket No. 50908, and an adjustment to lower the amount recovered through the EECRF revenue requirement—complies with PURA § 39.905 and 16 TAC § 25.182(d).
31. The assignments and allocations of CenterPoint Houston's proposed 2022 EECRF rates to each rate class are reasonable and comply with PURA § 39.905(b)(4) and 16 TAC § 25.182(d)(2).
32. CenterPoint Houston has adopted measures to foster competition among energy-efficiency service providers in compliance with 16 TAC § 25.181(g)(2).
33. CenterPoint Houston's standard offer and market transformation programs comply with PURA § 39.905(a)(3) and 16 TAC § 25.181(h) through (k).
34. CenterPoint Houston's incentive payments, which do not exceed 100% of avoided cost, comply with 16 TAC § 25.181(f).
35. The annual expenditures for CenterPoint Houston's targeted low-income energy-efficiency program exceed the minimum requirement of being 10% of the energy-efficiency budget for the program year in compliance with PURA § 39.905(f) and 16 TAC § 25.181(p).

36. CenterPoint Houston's outreach and information programs meet the requirement in PURA § 39.905(a)(4) and 16 TAC § 25.181(r) to encourage and facilitate the involvement of retail electric providers in the delivery of efficiency and demand-response programs.
37. The affiliate expenses included in CenterPoint Houston's EECRF rates approved in this Order are reasonable and necessary and comply with PURA § 36.058 and 16 TAC §§ 25.181(c)(1), 25.182(d)(10)(I), and 25.272(e).
38. CenterPoint Houston's load associated with industrial customers who provided qualifying identification notices was excluded from CenterPoint Houston's calculated demand-reduction goal in accordance with 16 TAC § 25.181(u).
39. CenterPoint Houston's proposed 2022 EECRF rates are just and reasonable under PURA § 36.003(a).
40. In accordance with PURA § 36.003(b), CenterPoint Houston's proposed 2022 EECRF rates are not unreasonably preferential, prejudicial, or discriminatory and are sufficient, equitable, and consistent in application to each consumer class.
41. In accordance with 16 TAC § 25.182(d)(9)(B), CenterPoint Houston is required to serve notice of the approved rates and the effective date of the approved rates on the retail electric providers that are authorized to provide service in its service area by the working day after CenterPoint Houston files its approved EECRF tariff with central records. The notice may be served by email.
42. This proceeding meets the requirements for informal disposition under 16 TAC § 22.35.

III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders.

1. The Commission approves the adjustment to CenterPoint Houston's EECRF, as modified by the agreement, to the extent provided in this Order.
2. The Commission approves CenterPoint Houston's 2022 EECRF in the amount of \$63,052,922, which is composed of the following:

- (a) CenterPoint Houston's agreed forecasted energy-efficiency costs of \$37,598,993 in program year 2022;
 - (b) EM&V expenses of \$539,688 for the evaluation of program year 2021;
 - (c) a charge of \$2,930,333 for the under-recovery of program year 2020 energy-efficiency costs, plus \$93,456 in interest on the under-recovery amount;
 - (d) rate-case expenses in the total amount of \$69,063 incurred by CenterPoint Houston, the City of Houston, and the Gulf Coast Coalition of Cities in Docket No. 50908; and
 - (e) a performance bonus of \$21,821,388.
3. The Commission approves CenterPoint Houston's EECRF tariff-rider schedule attached to the parties' agreement filed on September 15, 2021 as attachment B.
4. CenterPoint Houston is authorized to apply the EECRF tariff rider approved in this Order beginning on and after March 1, 2022.
5. Within ten days of the date of this Order, CenterPoint Houston must provide a clean copy of the EECRF tariff approved in this Order to central records to be marked *Approved* and filed in the Commission's tariff books.
6. CenterPoint Houston must serve notice of the approved rates and the effective date of the approved rates to retail electric providers that are authorized to provide service in its service area by the working day after CenterPoint Houston files its approved EECRF tariff with central records. The notice may be served by email.
7. Within 30 days of the date of this Order, CenterPoint Houston must reimburse the Gulf Coast Coalition of Cities for its reasonable 2020 EECRF rate-case expenses in the amount of \$15,444.90.
8. Within 30 days of the date of this Order, CenterPoint Houston must reimburse the City of Houston for its reasonable 2020 EECRF rate-case expenses in the amount of \$8,920.
9. Entry of this Order does not indicate the Commission's endorsement or approval of any principle or methodology that may underlie the agreement and must not be regarded as

precedential as to the appropriateness of any principle or methodology underlying the agreement.

10. The Commission denies all other motions and any other requests for general or specific relief that have not been expressly granted.

Signed at Austin, Texas the 2nd day of November 2021.

PUBLIC UTILITY COMMISSION OF TEXAS



PETER M. LAKE, CHAIRMAN



WILL MCADAMS, COMMISSIONER



LORI COBOS, COMMISSIONER



JIMMY GLOTFELTY, COMMISSIONER